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BUDGET REPORT DEMONSTRATES CONTINING EDUCATION DEFICIT FOR SCHOOL DISTRICTS

HARRISBURG (1/25/19)—The PA Association of School Business Officials (PASBO) and the PA Association of School Administrators (PASA) today released the latest iteration of their school district budget report, indicating that the financial condition in many districts remains tenuous and that greater state support for education is needed.

The budget report is based on survey responses from 61% of school districts along with the publicly available data pulled from the Annual Financial Reports and General Fund Budgets submitted by all 500 school districts. The data tells the story of continually rising mandated costs—particularly those associated with special education, charter school tuition and pension costs—that require repeated decisions to cut or reduce programs or increase property taxes. The annual budgetary gymnastics leave little opportunity for school districts to move forward or tackle new challenges. At best they're standing still; at worst, they're marching backwards.

“One of the toughest challenges school districts have to overcome each year is how to cover rising mandated costs,” said Robert Saul, business administrator at East Penn School District and PASBO President. “From 2010-11 to 2016-17 mandated costs for pension, charter school tuition and special education alone increased by nearly \$4 billion across all school districts. During the same time, state support increased by less than \$2 billion,” he continued. “This means that districts made up this massive \$2 billion shortfall through cuts, increased property taxes—or both.”

The budget report emphasized the extent to which special education costs are driving school district budgets. In addition to a growing special education populations, the number of students requiring private placements or other high-cost services is increasing, along with the need to hire additional special education staff. “In Big Spring School District, increasing special education costs drive the budget process. Special education cost have increased by more than \$2 million in the Big Spring School District over the past eight years, yet state funding for special education has only increased by \$104 thousand causing the local taxpayers to pick up the remaining tab.” explained Dr. Rich Fry, Superintendent of the Big Spring School District.

On top of these mandated cost increases, school districts are grappling with finding the resources to make improvements to safety and security. School districts across the state indicated that safety and security is a priority for 2018-19 and beyond, yet the resources to make needed improvements are hard to come by. “Pennsylvania school districts requested more than \$300 million in the competitive safe schools grant application process for critical safety upgrades to their schools in December. The state allocated \$40 million for the current year grants, which places a heavy burden on local communities to fund the difference or defer safety upgrades for another year.” stated Mark DiRocco, PASA’s Executive Director.

The unsteady financial condition of many school districts is no surprise. “We have an education deficit in Pennsylvania,” said Jay Himes, PASBO executive director. “School districts start from behind each year, struggling to find the revenue to cover just the basics. Layering additional needs, such as safety and security, on top of already fragile budgets exacerbates this deficit, making for complicated math and tough decisions during the school district budget process.” He continued, “the result is disparate opportunities for students and disparate burden on local taxpayers, much of which could be mitigated with increased state support for education—particularly if targeted to the areas driving this annual deficit, such as special education.”

PASBO and PASA encourage Governor Wolf and the General Assembly to increase the investment in education in the 2019-20 budget.

A copy of the report is available on the PASBO website at www.pasbo.org and the PASA website at www.pasa-net.org.